

ECONOMIC FUTURES WORKSHOP

Pine County Minnesota

In April 2013, leaders in Pine County, including representatives from the county commission, cities in the county, economic development organizations, Chambers of Commerce, and the Mille Lacs Band of Ojibwe Corporate Commission, were exploring potential economic development roles for the county. To learn more about the county's current economic situation and to explore opportunities for economic development, these leaders from Pine County participated in the University of Minnesota's Economic Futures Workshop on Monday, April 22nd at the Pine County Courthouse. This report is presented in partnership with EDA Center at the University of Minnesota-Crookston.

WHAT IS AN ECONOMIC FUTURES WORKSHOP?

The Economic Futures Workshop is designed to help community leaders look objectively at the state of their local economy. The workshop examines the interactions within an economy - among businesses and between businesses and consumers. Using information about how these linkages function, leaders can begin to understand the full implications of change on the local economy. The Futures Workshop can also help communities understand how efforts by different government jurisdictions can affect the economy.

Using data provided from the IMPLAN model, an input-output model, the Futures Workshop provided a profile of the Pine County economy, an analysis of how 12 selected industries interact, and a formal presentation of findings with a facilitated discussion of the results. The workshop was 3.5 hours in length.

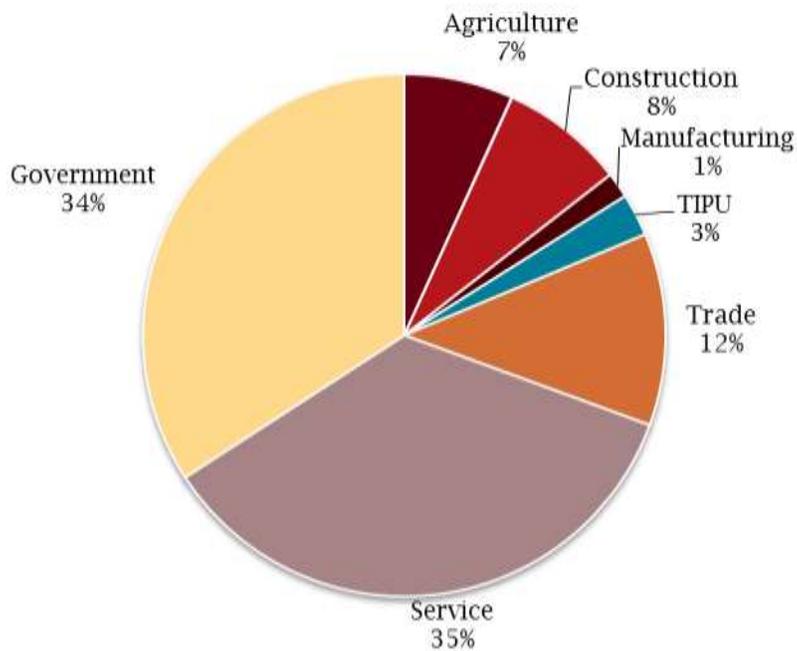
CURRENT ECONOMY

Not including tribal employment¹, there were 12,200 jobs in Pine County in 2011.² Over two-thirds of Pine County jobs are in one of two sectors - government and services (chart 1). Large service employers include restaurants and bars, administrative and support services, and social assistance. Within government, eighty-six percent of jobs are with state and local governments, with approximately one-third related to public education. One important note, in the IMPLAN database, one job is considered one job, regardless if it is full-time, part-time, or seasonal employment.

¹ Tribal authorities are not required to report employment statistics to state or federal governments. The IMPLAN model relies on those sources for its data, therefore, the number of jobs in this analysis does not reflect employment by Grand Casino or other tribal operations.

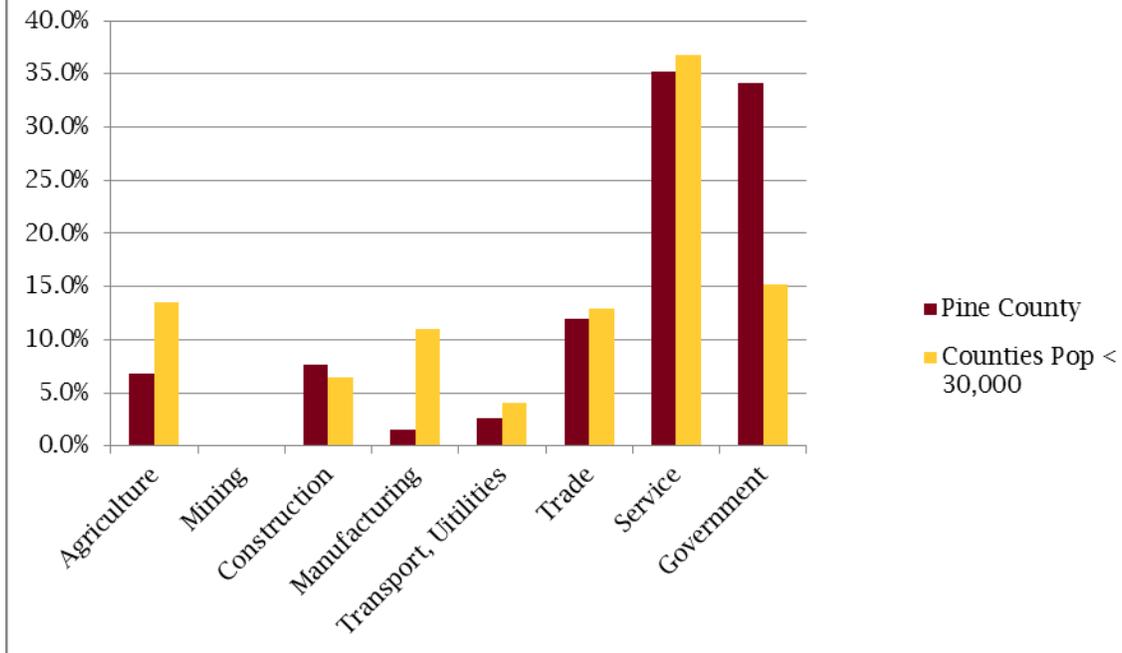
² 2011 is the most current data available. To learn more about IMPLAN, visit www.implan.com.

**Chart 1: Employment by Industry
Pine County 2011**



Pine County's economy differs from that of other similar counties in Minnesota (those with populations of less than 30,000) in two important ways (chart 2). First, Pine County has a lower percentage of its employees in the manufacturing sector. Second, Pine County has a higher percentage of employees in the government sector.

**Chart 2: Employment by Industry 2011: Pine County
Versus Minnesota Counties with Populations Less than
30,000**



SELECTED INDUSTRIES

On March 28th, the Pine County Futures Workshop planning committee selected eleven industries to be analyzed and discussed during the facilitated workshop. At the discretion of University of Minnesota staff, a twelfth industry was included. The results of this analysis can be found in appendix one.

- Commercial logging
- Grain Farming
- Higher Education
- Lodging
- Family Recreation
- Transportation
- Retail Trade
- Hospitals
- Construction
- Metal Fabrication
- Sawmills
- Poultry and Egg Production

COMMUNITY DISCUSSION

On April 22nd, after a short presentation on the structure of the Pine County economy, workshop attendees participated in an activity to explore the economic interdependencies of the selected industries. University of Minnesota Extension provided an example industry and explained how to interpret the analysis. Attendees were divided into geographically diverse groups. Each group was assigned three industries and asked to address the following four questions.

1. What surprises you about this information?
2. What information favors this industry in the region?
3. What information works against this industry in the region?
4. What *could be done* to support this industry in Pine County?

After the small groups had considered and discussed each industry, the groups reported out to the large group their summary thoughts and considerations.

KEY CONCLUSIONS

The workshop concluded with a two important observations.

1. Participants noted the value in encouraging and supporting local industries that use local resources in production. When industries use local supplies (including goods, services, and labor), economic impacts tend to be higher.
2. Participants expressed an interest in continuing to learn about business needs, particularly the types of inputs businesses require.

Small groups also identified potential actions related to economic development in Pine County. A sampling of these include:

- business retention and expansion visits;
- a publically sponsored lodging study;
- a bike trail study;
- a county-wide marketing effort;
- a “buy local” campaign;
- and encouraging wood products manufacturing.

ACTION STEPS

At the conclusion of the workshop, attendees completed a workshop evaluation which included identifying potential future actions based on the information presented. Pine County is in the process of establishing a county economic development position. Several attendees indicated they would use the information learned in the workshop to help guide those discussions. Many attendees also expressed interest in using this information in their daily work.

EXTENSION STAFF

The following University of Minnesota Extension staff participated in the planning, preparation, and presentation of the Economic Futures Workshop in Pine County.

Liz Templin, Extension Educator, Presenter

Brigid Tuck, Economic Impact Analyst, Presenter

Neil Linscheid, Extension Educator, Program Manager

Merritt Bussiere, Extension Educator, Participant

Matt Kane, Program Leader, Participant

MEDIA COVERAGE OF THE EVENT AND IMPLEMENTATION OF INFORMATION

Economic development and the future of Pine County's economy was discussed at the May 7th, 2013 Pine County Board of Commissioners meeting.

[http://www.co.pine.mn.us/vertical/sites/%7BE1F6E87F-8FB9-42DC-8311-7C5CA4B4AEBE%7D/uploads/Agenda__Board_Packet\(1\).pdf](http://www.co.pine.mn.us/vertical/sites/%7BE1F6E87F-8FB9-42DC-8311-7C5CA4B4AEBE%7D/uploads/Agenda__Board_Packet(1).pdf)

Several articles on the Workshop were published in the Pine City Pioneer.

http://m.presspubs.com/mobile/pine_city/news/article_897fdc5e-c47c-11e2-a9e2-001a4bcf887a.html

http://www.presspubs.com/pine_city/news/article_5b22f688-c93c-11e2-9112-0019bb2963f4.html

PREPARED BY:

Brigid Tuck, Elizabeth Templin, and Neil Linscheid. June 2013.



APPENDIX ONE: ANALYSIS OF SELECTED INDUSTRIES

Twelve of Pine County's industries were analyzed to measure their economic linkages for the workshop. The results of the analysis are presented in this appendix. To allow for comparison, the analysis considers the economic impact of 100 jobs in each industry. This allows one to compare and contrast the types of impacts each industry has in Pine County. The IMPLAN model used in this analysis is linear, therefore, if a person wanted to consider the economic linkages of 10 jobs, it could be done by dividing the 100 job results by 10.

Interpreting the results requires knowing several definitions. Those are included here.

Output

Output is measured in dollars and is equivalent to total sales.

Employment

Employment includes full- and part-time workers and is measured in annual average jobs. Total wage and salaried employees as well as the self-employed are included in employment estimates in IMPLAN. Because employment is measured in jobs and not in dollar values, it tends to be a very stable metric.

Direct Impact

The direct impact is equivalent to the initial change in the economy. For this workshop, the direct impact is 100 jobs.

Indirect Impact

The indirect impact is the summation of changes in the local economy that occur due to **spending for inputs** (goods and services) by the industry or industries directly impacted. For instance, if employment in a manufacturing plant increases by 100 jobs, this implies a corresponding increase in output by the plant. As the plant increases output, it must also purchase more of its inputs, such as electricity, steel, and equipment. As it increases its purchase of these items, its suppliers must also increase its production, and so forth. As these ripples move through the economy, they can be captured and measured. Ripples related to the purchase of goods and services are indirect impacts.

Induced Impact

The induced impact is the summation of changes in the local economy that occur due to **spending by labor** by the employees in the industry or industries directly impacted. For instance, if employment in a manufacturing plant increases by 100 jobs, the new employees will have more money to spend to purchase housing, buy groceries, and go out to dinner. As they spend their new income, more activity occurs in the local economy. This can be quantified and is called the induced impact.

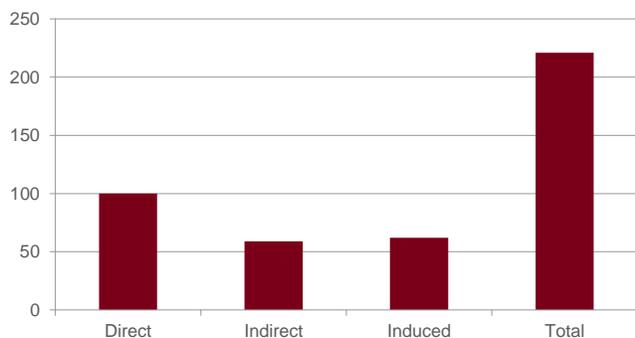
Total Impact

The total impact is the summation of the direct, indirect and induced impacts.

POULTRY AND EGG PRODUCTION (EXAMPLE)

- 32 employees in Pine County
- \$25.7 million in output generated
- 80% of expenditures are for inputs
- 20% for labor

POULTRY AND EGG PRODUCTION



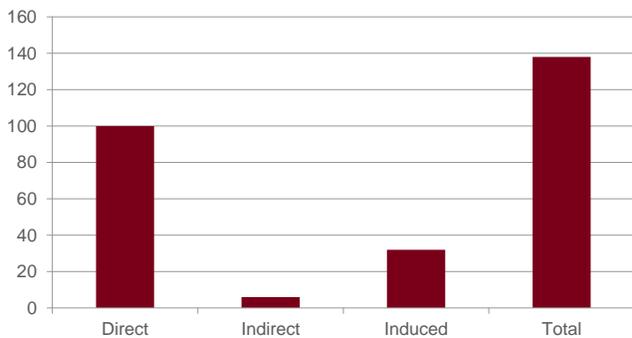
POULTRY AND EGGS: TOP INDUSTRIES EFFECTED

1. Transport by truck (21)
 2. Maintenance and repair of structures (12)
 3. Food and drinking places (12)
 4. General retail (5)
 5. Civic, professional, and social organizations (5)
 6. Employment services (4)
 7. Grain farming (4)
 8. Individual and family services (3)
 9. Wholesale trade (3)
 10. Grocery stores (3)
- Support industries (transport, building repair, grain, elevator)
 - Services for employees

COMMERCIAL LOGGING: PINE CO.

- 53 employees
- \$6.5 million in output generated
- Expenditures are primarily for labor (68% of expenditures) as opposed to inputs (32%).

COMMERCIAL LOGGING



LOGGING: TOP INDUSTRIES AFFECTED

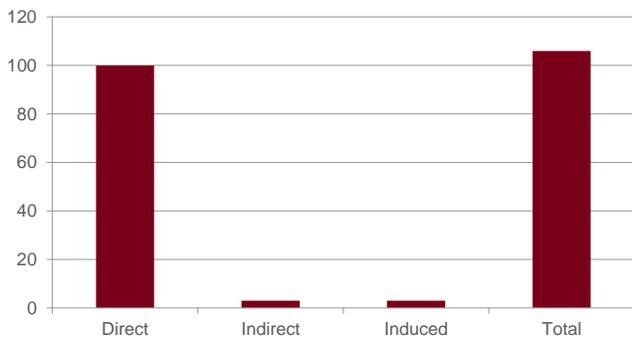
1. Food services and drinking places (6)
2. General retail (2)
3. Individual and family services (2)
4. Civic, social, and professional organizations (2)
5. Truck transportation (2)
6. Private hospitals (1)
7. Food and beverage retail stores (1)
8. Nursing and residential care (1)
9. Retail non-stores (1)
10. Automotive repair (1)

- Primarily "Main Street" impacts
- Trucking, transportation are support industries

GRAIN FARMING: PINE COUNTY

- 420 employees in crop farming
- 267 employees in grain farming
- \$8.2 million of output in grain farming
- Expenditures are concentrated on inputs (75% of total costs) as opposed to labor (25% of total costs)

GRAIN FARMING



GRAIN FARMING: TOP INDUSTRIES AFFECTED

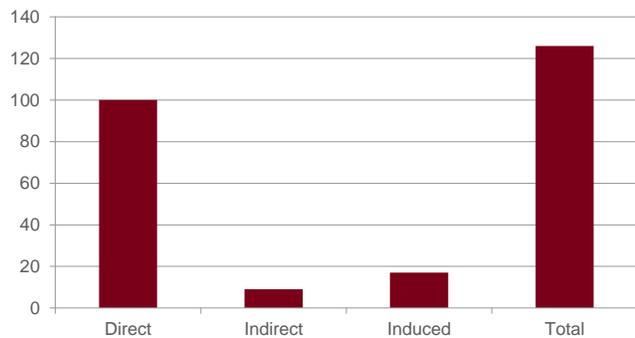
1. Food services and drinking places (1)
2. Banking (1)
3. Maintenance and repair construction of structures (1)
4. Truck transportation (1)
5. Support services for agriculture (0.5)
6. Real estate (0.5)
7. General merchandise (0.5)
8. Civic, social, and professional associations (0.5)
9. State and local government enterprises (0.5)
10. Individual and family services (0.5)

- Business support: banking, maintenance, trucking
- Employee support: retail, clubs

HIGHER EDUCATION: PINE CO.

- 100 employees
- \$8.3 million in output
- Expenditures evenly split between inputs (47%) and labor (53%)

HIGHER EDUCATION



HIGHER EDUCATION: TOP INDUSTRIES AFFECTED

1. Food services and drinking places (4)
2. Other state/local government enterprises (2)
3. Other educational services (2)
4. General retail (1)
5. Civic, social, and professional organizations (1)
6. Individual and family services (1)
7. Private hospitals (1)
8. Food and beverage retail stores (1)
9. Maintenance and repair of structures (1)
10. Real estate establishments (1)

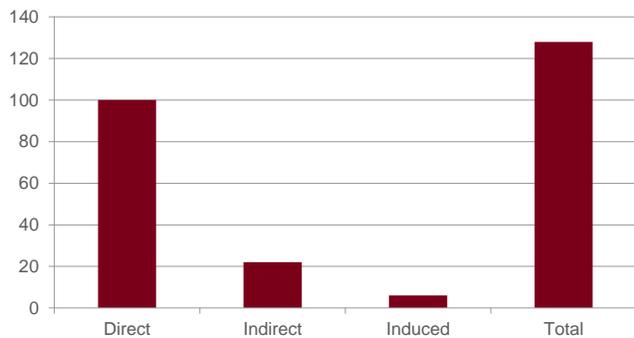
- “Main street” impacts
- Local suppliers are related to education.

LODGING: PINE COUNTY

- 34 jobs in hotels/motels*
- 56 jobs in other accommodations
- \$2.8 million of output from hotels/motels
- Expenditures mainly for inputs (85%) rather than labor (15%)

* Does not necessarily reflect tribal employment.

LODGING: HOTELS AND MOTELS



LODGING: TOP INDUSTRIES AFFECTED

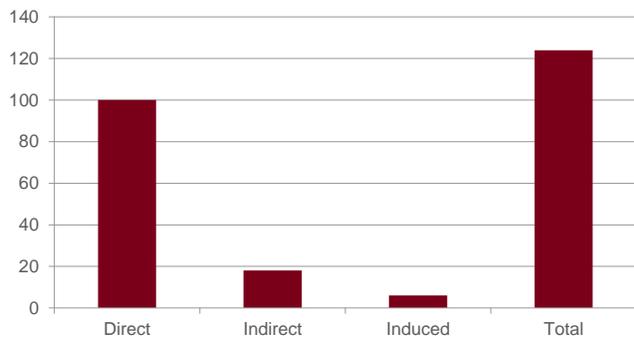
1. Food services and drinking places (6)
2. Maintenance and repair of structures (3)
3. Employment services (3)
4. US Postal Service (2)
5. Dry-cleaning and laundry (1)
6. Services to buildings and dwellings (1)
7. Advertising and related services (1)
8. Newspaper publishers (1)
9. Civic, social, and professional organizations (1)
10. State and local government enterprises (1)

• High indirect:
building repairs,
employment
services, laundry,
advertising

FAMILY RECREATION: PINE CO.

- 231 employees in arts, entertainment, and recreation
- 6 employees in museums, historical sites, zoos and parks
- \$8.8 million of output in arts, entertainment, and recreation
- \$630,000 in museums, historical sites, zoos and parks
- Expenditures predominately for inputs (90%) relative to labor (10%)

RECREATION: MUSEUMS & PARKS



RECREATION: TOP INDUSTRIES AFFECTED

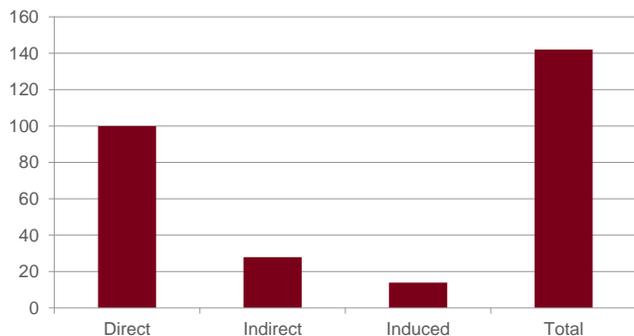
1. Employment services (4)
2. Maintenance and repair of structures (3)
3. Educational services (3)
4. Food services and drinking places (2)
5. Real estate establishments (1)
6. State/local government enterprises (1)
7. Advertising and related services (1)
8. Newspaper publishers (1)
9. US Postal Services (1)
10. Services to building and dwellings (1)

• Local supplies to recreation industry are limited. Educational, government, advertising

TRANSPORTATION: PINE COUNTY

- 240 employees in transportation
- 188 employees in truck transportation
- \$21.4 million of output in truck transport.
- Expenditures are primarily for inputs (75%) as opposed to labor (25%)

TRANSPORTATION: TRUCKING



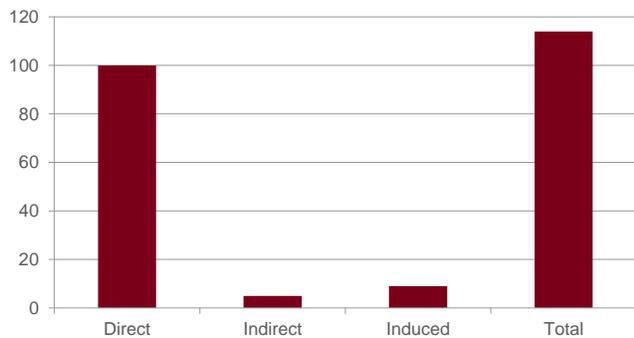
TRANSPORTATION: TOP INDUSTRIES AFFECTED

1. Employment services (12)
 2. United States Postal Service (3)
 3. Food services and drinking places (3)
 4. General retail (2)
 5. Civic, social, and professional organizations (1)
 6. Automotive repair and maintenance (1)
 7. Warehousing and storage (1)
 8. Grocery stores (1)
 9. State and local government enterprises (1)
 10. Individual and family services (1)
- Mix of ripples caused by business spending and by employee spending

RETAIL TRADE: PINE COUNTY

- 1,260 employees in all retail
- 363 in general merchandise retail
- \$72.1 million of output in all retail
- \$19.6 million of output in general merchandise retail
- Expenditures nearly evenly divided (56% for inputs and 44% for labor)

RETAIL TRADE – GENERAL MERCH.



RETAIL TRADE: TOP INDUSTRIES AFFECTED

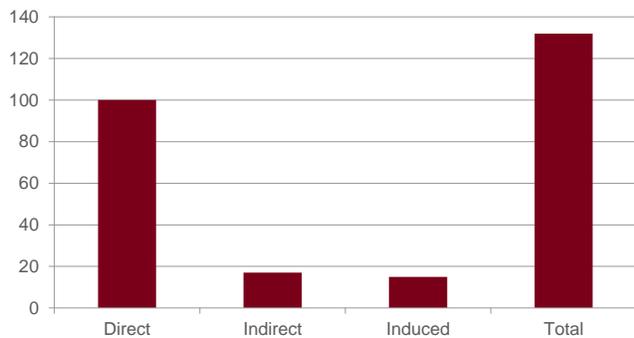
1. Food services and drinking places (2)
2. Employment services (1)
3. Civic, social, and professional organizations (1)
4. Maintenance and repair of structures (1)
5. Individual and family services (1)
6. Private hospitals (0.5)
7. Grocery stores (0.5)
8. Transport by truck (0.5)
9. Banks (0.5)
10. Nursing and residential care facilities (0.5)

- Locally available inputs are building upkeep, hiring agencies, transportation, banking

HOSPITALS: PINE COUNTY

- 220 employees
- \$22.3 million of output
- Expenditures are 40% for labor and 60% for inputs

HOSPITALS



HOSPITALS: TOP INDUSTRIES AFFECTED

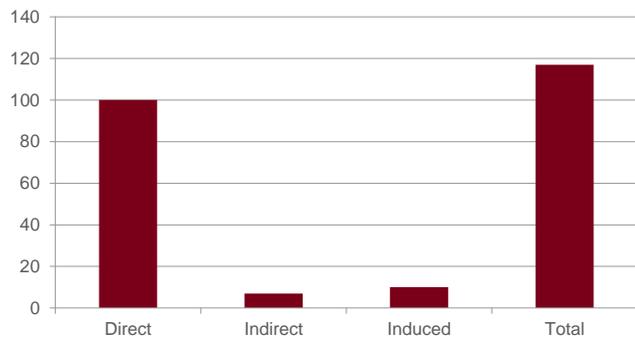
1. Employment services (7)
2. Food services and drinking places (4)
3. General retail (1)
4. Real estate (1)
5. Maintenance and repair of structures (1)
6. Civic, social, and professional organizations (1)
7. Individual and family services (1)
8. Grocery stores (1)
9. United States Postal Service (1)
10. Automotive repair and maintenance (1)

- Local inputs are limited.
- Impacts of employee spending are clear.

CONSTRUCTION: PINE COUNTY

- 912 employees in construction
- 240 employees in new, non-residential construction
- \$19.8 million of output in new, non-residential construction
- Expenditures are 75% for inputs and 25% for labor

CONSTRUCTION, NONRESIDENTIAL



CONSTRUCTION: TOP INDUSTRIES AFFECTED

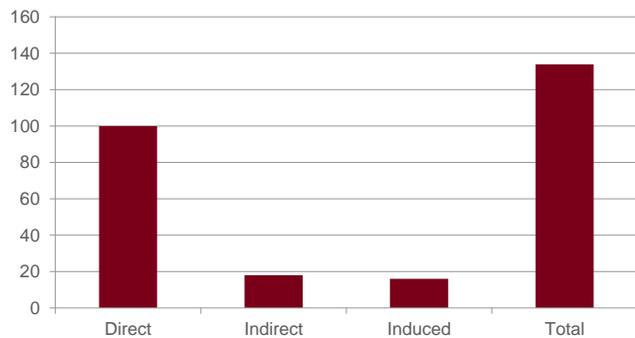
1. Food services and drinking places (2)
2. General retail (1)
3. Employment services (1)
4. Transport by truck (1)
5. Civic, social, and professional organizations (1)
6. Automotive repair and maintenance (1)
7. Grocery stores (1)
8. Individual and family services (1)
9. Banks (1)
10. Retail nonstores (1)

- Majority of impacts are related to spending of labor

METAL FABRICATION: PINE CO.

- 53 employees in ornamental and architectural metal manufacturing
- \$9.7 million of output
- Expenditures are 22% for labor and 78% for inputs

METAL FABRICATION: ORNAMENTAL



METAL FABRICATION: TOP INDUSTRIES AFFECTED

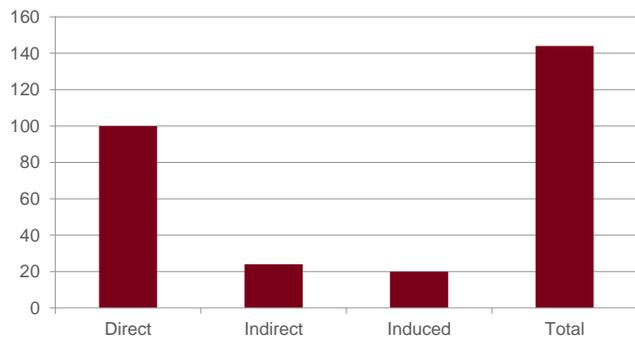
1. Food services and drinking places (4)
2. Employment services (3)
3. Maintenance and repair of structures (3)
4. Transport by truck (2)
5. Civic, social, and professional organizations (1)
6. General retail (1)
7. Banks (1)
8. Individual and family services (1)
9. Wholesale trade (1)
10. Automotive repair and maintenance (1)

- Manufacturing suppliers are limited, mostly to services

SAWMILLS: PINE CO.

- This industry does not currently exist in Pine County

SAWMILLS



SAWMILLS: TOP INDUSTRIES AFFECTED

1. Transport by truck (7)
2. Food service and drinking places (4)
3. Maintenance and repair of structures (4)
4. Civic, social, and professional associations (2)
5. General retail (2)
6. Employment services (2)
7. Automotive repair and maintenance (1)
8. Individual and family services (1)
9. Wholesale trade (1)
10. Commercial logging (1)

- Main supplier (logging) enters into the ripples